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ALUMINUM COMPANY OF CANADA, LIMITED

1951

FINANCIAL STATEMENTS

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1951

ASSETS

	31st December 1951	31st December 1950
Current Assets:		
Cash.....	\$ 12,192,158	\$ 63,391,460
Funds set apart for preferred dividend payable 1st March 1952.....	132,741	136,005
Canadian Government bonds..... (quoted value \$21,667,619)	21,786,028	26,667,908
Receivables, less provision for doubtful accounts.....	10,899,820	6,527,615
Receivable from affiliated companies.....	10,728,057	12,676,033
Inventories of aluminum, materials and supplies..... (at cost or under, which is not in excess of market)	49,625,043	38,424,823
	<u>105,363,847</u>	<u>147,823,844</u>
Prepaid expense and deferred charges.....	7,859,872	5,695,908
Indemnity, surety and other deposits.....	604,902	569,102
Investment in shares of an affiliated company.....	16,750	16,750
Lands, plants, riparian rights, and facilities, at cost.....	457,371,657	352,051,983
Less: Amount thereof charged to operations..... (depreciation and depletion)	264,188,791	241,830,276
	<u>193,182,866</u>	<u>110,221,707</u>
	<u>\$307,028,237</u>	<u>\$264,327,311</u>

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1951

LIABILITIES

	31st December 1951	31st December 1950
Current Liabilities:		
Payables, including accrued liabilities	\$ 28,479,171	\$ 11,968,543
Payable to affiliated companies	375,975	404,885
Preferred dividend payable 1st March 1952	132,741	136,005
Income and other taxes	14,491,223	13,592,633
Other indebtedness payable within one year (note 2)	1,258,000	1,905,000
	<u>44,737,110</u>	<u>28,007,066</u>
Indebtedness not maturing within one year (note 2)	96,407,382	94,269,000
Indebtedness contingent on volume of operations (note 2)	75,928,750	54,968,185
Operating reserves and deferred credits	1,684,585	590,323
Capital Stock and Surplus:		
4% Cumulative redeemable sinking fund preferred shares — par \$25 — 529,244 shares outstanding (543,574 shares at 31st December 1950)	13,231,100	13,589,350
Common shares — no par — 3,000,000 shares outstanding	30,000,000	30,000,000
Capital surplus	1,768,900	1,410,650
Earned surplus	43,270,410	41,492,737
	<u>88,270,410</u>	<u>86,492,737</u>
	<u>\$307,028,237</u>	<u>\$264,327,311</u>

Signed on behalf of the Board,

R. E. POWELL, *Director*

DANA T. BARTHOLOMEW, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss
For the Year Ending 31st December 1951

	1951	1950
Profit for the year before taking into account the following items.....	\$ 81,340,668	\$ 68,813,060
Interest on marketable securities, etc.....	1,092,286	814,243
Gain on disposal of surplus equipment.....	82,951	288,522
	<u>82,515,905</u>	<u>69,915,825</u>
Interest on contingent and other indebtedness not maturing within one year.....	4,720,627	3,123,890
Other interest.....	75,207	59,094
Executive salaries.....	330,249	340,176
Legal fees.....	80,896	55,590
Expense in connection with retirement of bonds and other debt.....	117,216	161,610
Discount and expense on 3½% debentures due 1971.....	—	710,789
	<u>5,324,195</u>	<u>4,451,149</u>
	77,191,710	65,464,676
Capital cost allowances in respect of lands, plants and facilities..... (depreciation and depletion)	23,267,262	11,415,088
	<u>53,924,448</u>	<u>54,049,588</u>
Provision for income taxes..... (including \$27,993,648 Canadian taxes—\$21,300,101 in 1950)	29,416,051	22,961,755
Profit carried to earned surplus.....	<u>\$ 24,508,397</u>	<u>\$ 31,087,833</u>

NOTE: The Canadian Income Tax Act provides for capital cost allowances in respect of facilities under construction as well as facilities in use and, in addition thereto, accelerated allowances under certain circumstances. The total capital cost allowances, including accelerated allowances, charged to operations in respect of facilities under construction amounted to \$12,717,283 in 1951 and had the effect of reducing net profit for the year by \$6,918,202.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Surplus
For the Year Ending 31st December 1951

EARNED SURPLUS

Earned surplus — 31st December 1950.....		\$ 41,492,737
Profit for the year.....		<u>24,508,397</u>
		<u>66,001,134</u>
Dividends:		
Preferred, including dividend payable 1st March 1952.....	\$ 530,735	
Common.....	<u>21,600,000</u>	22,130,735
Appropriations for the purchase for cancellation of preferred shares.....		<u>599,989</u>
		<u>22,730,724</u>
Earned surplus — 31st December 1951.....		<u><u>\$ 43,270,410</u></u>

CAPITAL SURPLUS

Capital surplus — 31st December 1950.....	\$ 1,410,650
Par value of 14,330 preferred shares purchased for cancellation.....	<u>358,250</u>
Capital surplus — 31st December 1951.....	<u><u>\$ 1,768,900</u></u>

ALUMINUM COMPANY OF CANADA, LIMITED

and Subsidiary Companies

Notes to Financial Statements

1. The accounts of the non-Canadian subsidiary company included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31st December 1951, except that fixed assets and their related reserves are at rates determined at dates of acquisition of such assets. The series "B" first mortgage 3½% sinking fund bonds, due 1974, payable in U.S. currency, and the second hypothec, securing contractual obligation for annual payments, payable in Canadian currency and in U.S. currency in equal parts, are stated on a dollar for dollar basis.

2. Indebtedness not maturing within one year:

	1951	1950
Aluminum Company of Canada, Limited:		
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"—payable in Canadian currency	\$ 11,083,000	\$ 12,186,000
Series "B"—payable in U.S. currency	22,286,000	23,263,000
Commutation value of contractual obligation for annual payments secured by second hypothec—payable in Canadian currency and in U.S. currency in equal parts	10,300,132	10,725,000
3½% Sinking fund debentures, due 1971	50,000,000	50,000,000
*Redeemable notes, due 1971 — payable to the British Government — interest payable only if and to the extent ingot production is maintained at rates specified in the respective notes during the term thereof:		
3% Notes	2,747,500	—
3½% Notes	1,248,750	—
	97,665,382	96,174,000
Less: Indebtedness payable within one year in accordance with terms of the above obligations, included in current liabilities	1,258,000	1,905,000
	<u>\$ 96,407,382</u>	<u>\$ 94,269,000</u>

Indebtedness contingent on volume of operations:

Aluminum Company of Canada, Limited:

*Redeemable notes, due 1971 — payable to the British Government — principal and interest payable only if and to the extent ingot production is maintained at rates specified in the respective notes during the term thereof:		
3% Notes	\$ 52,202,500	\$ 54,968,185
3½% Notes	23,726,250	—
	<u>\$ 75,928,750</u>	<u>\$ 54,968,185</u>

*Under agreement dated 19th April 1951, as amended on 2nd November 1951, the British Government has undertaken to make additional advances during 1952 and 1953 aggregating \$40,000,000 against 3½% short-term notes to be converted on or about 1st February 1954 into one unsecured 20 year 3½% redeemable note maturing 1974, with principal and interest subject to abatement during the period 1954 to 1974.

The formulae for abatement of the several notes in any year are summarized below:

Principal amount of note	Rate of interest	Principal and interest are abatable if production is less than	Amount of principal abatable per ton	Maximum amount of principal abatable in any year	Entire interest is abatable if production is less than
\$39,600,000	3%	172,500 m.t.	\$24.00	\$1,980,000	90,000 m.t.
15,350,000	3%	197,500 m.t.	30.70	767,500	172,500 m.t.
24,975,000	3½%	400,000 m.t.	13.50	1,248,750	307,500 m.t.
40,000,000	3½%	450,000 m.t.	40.00	2,000,000	400,000 m.t.

3. The surplus of the non-Canadian subsidiary included in the consolidation is subject to such restrictions as to distribution as may be imposed by regulatory bodies of the country in which it operates.

4. The company is engaged in a programme of capital expenditures and other investments presently estimated to cost \$330,000,000 during the period 1951 to 1954 inclusive, of which \$106,000,000 was expended in 1951.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1951 and the related statements of profit and loss and surplus for the year then ended and have obtained all the information and explanations which we have required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in respect of Aluminum Company of Canada, Limited and its principal Canadian subsidiaries and the inspection of audited financial statements reported on by other independent accountants for those subsidiaries whose records were not examined by us.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and surplus, supplemented by the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1951 and the results of their combined operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the audited financial statements reported on by other independent accountants.



Chartered Accountants.

Montreal, 15th March 1952.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL

President, Saguenay Power Company, Ltd.
Montreal

DANA T. BARTHOLOMEW
President, Aluminium Securities Limited
Montreal

NATHANAEL V. DAVIS
President, Aluminium Limited
Montreal

JAMES A. DULLEA
President, Aluminium Secretariat Limited
Montreal

PAUL LaROQUE
Secretary, Aluminium Secretariat Limited
Montreal

E. G. MacDOWELL
President, Aluminium Union Limited
Montreal

EDWIN J. MEJIA
President, Aluminium Fiduciaries Limited
Montreal

J. ALEX PRUD'HOMME, Q.C.
Geoffrion & Prud'homme
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H. H. RICHARDSON
President, Aluminium Laboratories Limited
Montreal

R. E. POWELL, *President*
J. ALEX PRUD'HOMME, Q.C., *Vice-President*
A. W. WHITAKER, JR., *Vice-President and General Manager*
PAUL S. WHITE, *Vice-President, Secretary and General Sales Manager*
J. B. WHITE, *Vice-President and Director of Personnel*
McNEELY DuBOSE, *Vice-President*
N. E. RUSSELL, *Vice-President*
PAUL LEMAN, *Treasurer*